

**AllianceBernstein (Luxembourg) S.à r.l.**  
***Société à responsabilité limitée***  
**2-4, rue Eugène Ruppert**  
**L-2453 Luxembourg**

**R.C.S. Luxembourg B 34 405**

**Management Regulations**

**of**

**AB FCP II**

**as of**

**5 February 2016**

## **1) THE FUND**

AB FCP II (hereafter referred to as the "Fund") organized under part I of the law of 17 December 2010 on undertakings for collective investment (the "Law") as a mutual investment fund (*fonds commun de placement*), is an unincorporated coproprietorship of transferable securities (hereinafter referred to as "securities") and other assets, managed in the interest of its co-owners (hereafter referred to as the "shareholders") by AllianceBernstein (Luxembourg) S.à r.l. (hereafter referred to as the "Management Company"), a company incorporated under the laws of Luxembourg and having its registered office in Luxembourg. The interests of the shareholders in the Fund are represented by shares (the "Shares"). There may be several classes of Shares and within the Fund the Management Company may create specific pools of assets to be created pursuant to Article 4 (each a "Portfolio") which shall be linked to one or more classes of Shares (each a "Class") whose assets will be commonly invested but where a specific sales and/or redemption charge structure, fee structure, hedging policy or other specific features is applied to each Class. The Management Company will decide if and from what date Shares of any such Class shall be offered for subscription, those Shares to be issued on the terms and conditions as shall be decided by the Management Company. The rights attaching to such Classes shall be specified in the prospectus of the Fund (the "Prospectus"). The assets of the Fund, which are held in custody by State Street Bank Luxembourg S.C.A. (hereafter referred to as the "Custodian") are segregated from those of the Management Company and from any other fund managed by the Management Company, if any. By the acquisition of Shares of the Fund, any shareholder fully accepts these management regulations which determine the contractual relationship between the shareholders, the Management Company and the Custodian.

## **2) THE MANAGEMENT COMPANY**

The Fund is managed on behalf of the shareholders by the Management Company which shall have its registered office in Luxembourg.

The Management Company is invested with the broadest powers to administer and manage the Fund, subject to the restrictions set forth in Article 6) hereafter, on behalf of the shareholders, including but not limited to, the purchase, sale, subscription, exchange and receipt of securities and the exercise of all the rights attached directly or indirectly to the assets of the Fund.

The Board of Managers of the Management Company shall determine the investment policy of the Fund within the restrictions set forth in Article 6) hereafter.

The Board of Managers of the Management Company may delegate its functions to third parties and appoint officers and/or administrative agents and any other agents to implement the investment policy, daily administer, manage the assets of the Fund and carry out the distribution of its Shares.

The Management Company may for the benefit of the Fund obtain investment information, advice and other services.

The Management Company and any investment manager, investment advisor and sub-advisor and any other agent of the Fund are entitled to fees payable out of the assets of the Fund not exceeding the rate specified for each Portfolio in the Prospectus.

### **3) THE CUSTODIAN**

The Management Company has appointed State Street Bank Luxembourg S.C.A., a corporation organized under the laws of Luxembourg, as Custodian.

The Custodian or the Management Company may terminate the appointment of the Custodian at any time upon 90 days written notice delivered by one party to the other.

In the event of termination of the appointment of the Custodian, the Management Company will use its best endeavors to appoint within two months of such termination, a new custodian who will assume the responsibilities and functions of the Custodian under these Management Regulations. Pending the appointment of a new custodian, the Custodian shall take all necessary steps to ensure good preservation of the interests of the shareholders. After termination as aforesaid, the appointment of the Custodian shall continue thereafter for such period as may be necessary for the transfer of all assets of the Fund to the new custodian.

All cash and securities constituting the assets of the Fund shall be held by the Custodian on behalf of the shareholders of the Fund. The Custodian may, with the approval of the Management Company, entrust other banks and financial institutions with the safekeeping of such assets. The Custodian may hold securities in fungible or non fungible accounts with such clearing houses as the Custodian, with the approval of the Management Company, may determine. It will have the normal duties of a bank with respect to the Fund's deposits of cash and securities held by it. The Custodian may only dispose of the assets of the Fund and make payments to third parties on behalf of the Fund on receipt of instructions from the Management Company or its appointed agents.

Upon receipt of instructions from the Management Company or its appointed agents, the Custodian will perform all acts of disposal with respect to the assets of the Fund.

The Custodian will fulfill the duties and assume the responsibilities provided by articles 17 and 18 of the Law.

The Custodian is entitled to such fees as will be determined from time to time by agreement between the Management Company and the Custodian. Such fees are a combination of asset-based fees and transaction fees and are payable monthly.

#### **4) THE PORTFOLIOS**

The Management Company may, from time to time create Portfolios, which have different investment policies.

As regards third parties, each Portfolio is exclusively responsible for all liabilities attributable to it.

A separate portfolio of investments and assets will be maintained for each Portfolio. The assets of the different portfolios will be separately invested in accordance with an investment policy fixed for each Portfolio in the Prospectus.

Any Portfolio may be dissolved upon decision of the Management Company, as more fully described in Article 19 hereafter.

#### **5) INVESTMENT POLICY**

The Management Company shall invest the proceeds paid into the Fund for joint account of shareholders in transferable securities and other assets permitted by the Law in conformity with the principle of risk spreading. In this context the Management Company shall specify the investment guidelines for each Portfolio and publish such guidelines in the Prospectus.

The Fund shall be managed with the objective of providing the Shareholders with a range of investment opportunities worldwide in different geographical markets or different industries or sectors through a range of diversified Portfolios. The Portfolios may invest or seek exposure to any kind of financial instruments comprising equity and debt securities, money market instruments, deposits, derivative financial instruments, units or shares of investment funds and any other type of assets as may be specified in the Prospectus for any specific Portfolio. The Management Company shall in its discretion decide what investment opportunities the Fund shall offer to investors by the creation of additional Portfolios. Further the Management Company shall alone be entitled to fix the date of issue of any further Class of Shares.

Each Portfolio may use leverage through the use of financial derivative instruments or through borrowing or any other means as described in the Prospectus.

The Management Company shall specify the investment guidelines for each Portfolio and publish such guidelines in the Prospectus.

If it appears advisable at any time to retain ancillary liquid assets in the Fund, such assets may temporarily be kept in money market instruments issued or guaranteed by highly rated borrowers having a maturity of less than 12 months or in current or deposit accounts.

In addition, use may be made of options and futures. Except where they are used for hedging purposes, such techniques and instruments may be used in respect of each

Portfolio only to the extent that this shall have been provided in the investment guidelines set out in the Prospectus.

## **6) INVESTMENT RESTRICTIONS**

In managing the assets of the Fund the Management Company shall comply with the following restrictions which apply individually to each Portfolio of the Fund and not in aggregate to the Fund as a whole, unless specifically so stated.

In this Article, the term "Member State" means a member state of the European Union. The States that are contracting parties to the Agreement creating the European Economic Area other than the Member States of the EU, within the limits set forth by this Agreement and related acts, are considered as equivalent to Member States of the European Union.

- (1) The Fund may not borrow money except from banks on a temporary basis, which includes for purposes of redeeming Shares, and only if the aggregate of the amount borrowed would not exceed 10% of the value of the total net assets of the Portfolio concerned, provided, however, that this restriction shall not prevent the Fund from acquiring foreign currencies by means of a back to back loan;
- (2) The Fund may not mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Fund except as may be necessary in connection with (i) borrowings mentioned in (1) above, and then such mortgaging, pledging or hypothecating may not exceed 10% of the total net assets of the portfolio concerned, and/or (ii) margin requirements which the Fund may have with respect to its transactions in forward or futures contracts or in options, and/or (iii) swap transactions;
- (3) Without prejudice to other provisions contained herein, the Fund may not grant loans to or act as a guarantor on behalf of third parties;
- (4) (i) The Fund may not invest in the transferable securities or money market instruments of any single issuer if more than 10% of the total net assets of the Portfolio concerned would consist of the transferable securities or money market instruments of such issuer. The Fund may not invest more than 20% of its assets in deposits made with the same body. The total value of the transferable securities and the money market instruments held by the Fund in issuers in which it invests more than 5% of the total net assets of a Portfolio may not exceed, at the time of any investment, 40% of the total net assets of such Portfolio provided, this limitation does not apply to deposits made with financial institutions subject to prudential supervision. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph 1, the Fund may not combine:

- investments in transferable securities or money market instruments issued by, and/or

- deposits made with,

- exposures arising from OTC derivative transactions undertaken with,

a single body in excess of 20% of the net assets of a Portfolio.

(ii) The above limit of 10% shall be 35% in respect of the transferable securities or the money market instruments issued or guaranteed by any Member State or any local authority thereof, or public international bodies of which one or more Member States are members or any other non-Member State;

(iii) The above limit of 10% shall be 25% in respect of certain authorized bonds when these are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

When the Fund may invest more than 5% of the assets of a Portfolio in the bonds referred to above and issued by one issuer, the total value of these investments may not exceed 80% of the value of the assets of the Portfolio concerned.

(iv) The transferable securities and the money market instruments referred to in items (ii) and (iii) shall not be included in applying the limit of 40% set out in this paragraph; and

(v) Notwithstanding the foregoing, the Fund may invest up to 100% of the assets of any Portfolio in different transferable securities or money market instruments issued or guaranteed by any Member State, its local authorities, or public international bodies of which one or more of such Member States are members, or by any non-Member State member of the Group of Twenty (G20), provided that the Fund holds within such Portfolio transferable securities or money market instruments from at least six different issues, and transferable securities or money market instruments from any one issue shall not account for more than 30% of the net assets of such Portfolio.

The limits provided for in paragraphs (i), (ii) and (iii) may not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits made with this body carried out in accordance with paragraphs (i), (ii) and (iii) shall under no circumstances exceed in total 35% of the net assets of a Portfolio.

Issuers which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC<sup>1</sup> or in accordance with recognized international accounting rules, are regarded as a single body for the purpose of calculating the limits contained therein.

The Fund may invest concurrently in transferable securities and money market instruments of issuers within the same group up to a limit of 20% of the net assets of the Portfolio concerned.

(4bis) (i) Without prejudice to the limits set forth in investment restriction (6) the limits laid down in investment restriction (4) may be raised to a maximum of 20% for investment in shares and/or debt securities issued by the same body when the aim of the Portfolio's investment policy – as described in the Prospectus – is to replicate the composition of a certain stock or debt securities index which is recognized by the Commission de Surveillance du Secteur Financier (the “CSSF”) on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

(ii) The limit laid down in item (i) may be raised to a maximum of 35% where that proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for one single issuer.

(5) The Fund may not on behalf of a Portfolio invest more than 10% of its assets in transferable securities and money market instruments other than:

- a) transferable securities and money market instruments admitted to or dealt in on a regulated market;
- b) transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and is recognised and open to the public;
- c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the UCITS;

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<sup>1</sup> Seventh Council Directive 83/349/EEC of June 13, 1983 based on the Article 54(3)(g) of the Treaty on consolidated accounts (OJ L 193, 18.7.1983, p. 1). Directive repealed by Directive 2013/34/EU.

- d) recently issued transferable securities and money market instruments, provided that:
- the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the market has been provided for in the constitutional documents of the UCITS;
  - such admission is secured within one year of issue;
- e) Money market instruments other than those dealt in on a regulated market and which fall under Article 1 of the Law, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs (a), (b) or (c) above, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law; or
  - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (10,000,000 euro) and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (6) (i) The Fund may not purchase securities of any issuer if, upon such purchase, the Fund owns more than 10% of any Class of the securities of such issuer, or if as a result of such purchase the Management Company may exercise a significant influence over the management of the issuer.



(ii) Moreover, the Fund may acquire no more than:

- 10% of the debt securities of the same issuer
- 25% of the units of any single collective investment undertaking except in connection with a merger or amalgamation
- 10% of the money market instruments of any single issuing body

The limits laid down in the indents above may be disregarded at the time of acquisition if at that time the gross amount of such money market instruments or debt securities, or the net amount of the securities in issue, cannot be calculated.

(iii) The limits set forth in items (i) and (ii) shall not apply to (i) transferable securities or money market instruments issued or guaranteed by any Member State or any local authority thereof, or issued by public international bodies of which one or more Member States are members or issued or guaranteed by any non-Member State member of the Group of Twenty (G20), or (ii) shares held by the Fund in the capital of a company incorporated in a State which is not a Member State of the EU investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State, if that company, in its investment policy, complies with the limits laid down in Articles 43 and 46 and in paragraphs (1) and (2) of Article 48 of the Law, or (iii) shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on its or their behalf.

(7) The Fund may not underwrite or subunderwrite securities of other issuers except to the extent that, in connection with the disposition of portfolio securities, the Fund may be deemed to be an underwriter under applicable securities laws;

(8) The Fund may not purchase securities of other undertakings for collective investment of the open-ended type, except in compliance with the following:

- it may invest in collective investment undertakings qualifying as undertakings for collective investment in transferable securities authorized according to directive 2009/65/EC and/or undertakings for collective investments within the meaning of the first and second indent of Article 1 (2) of the directive 2009/65/EC whether they are situated in a Member State or not provided that:
  - such undertakings for collective investment must be authorized under laws which provide that they are subject to supervision considered to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured,
  - the level of protection for unitholders in these undertakings for collective investment must be equivalent to that provided for unitholders in an

undertaking for collective investment in transferable securities registered in a Member State, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the directive 2009/65/EC,

- the business of these undertakings for collective investment must be reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period,
- no more than 10% of the assets of such an undertaking for collective investments, whose acquisition is contemplated, may, according to their constitution documents, in aggregate be invested in units of other undertakings for collective investment,

and

- it may not invest more than 10% of the net assets of a Portfolio in units or shares of undertakings for collective investment as mentioned above;

When the Fund invests in units of other undertakings for collective investment in transferable securities and/or other undertakings for collective investment that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or other company may not charge subscription or redemption fees in connection with an acquisition or disposal of the units of such other undertakings for collective investment.

- (9) The Fund may not trade in options on securities or money market instruments unless the following limitations are observed:
- (i) individual purchases of call and put options and the writing of call options shall be limited so that upon exercise thereof none of the preceding restrictions would be infringed;
  - (ii) put options may be written by the Fund provided adequate liquid assets are set aside until the expiry of said put options to cover the aggregate exercise price of the securities to be acquired by the Fund pursuant thereto;
  - (iii) call options will only be written if such writing does not result in a short position; in such event the Fund will maintain within the relevant Portfolio the underlying securities until the expiry date of the relevant call options granted by the Fund, except that the Fund may dispose of said securities in declining markets under the following circumstances:
    - (a) the market must be sufficiently liquid to enable the Fund to cover its position at any time;
    - (b) the aggregate of the exercise prices payable under such options written shall not exceed 25% of the net assets of each Portfolio concerned; and
    - (c) no option will be purchased or sold unless it is quoted on a stock exchange or dealt in on a regulated market and provided, immediately

after its acquisition, the aggregate of the acquisition prices of all options held by the Fund (in terms of premiums paid) does not exceed 15% of the net assets of each Portfolio concerned;

- (10) The Fund may for the purpose of hedging currency risks hold forward currency contracts or currency futures or acquire currency options for amounts not exceeding, respectively, the aggregate value of securities and other assets held within each Portfolio concerned denominated in a particular currency, provided, however, that the Fund may also purchase the currency concerned through a cross transaction (entered into through the same counterparty), or, within the same limits, enter into currency swaps, should the cost thereof be more advantageous to the Fund. Contracts on currencies must either be quoted on a stock exchange or dealt in or on a regulated market except that the Fund may enter into currency forward contracts or swap arrangements with highly rated financial institutions;
- (11) The Fund may not trade in index options except that

for the purpose of hedging the risk of the fluctuation of the value of the securities within a Portfolio, the Fund may, on behalf of such Portfolio, sell call options on stock indices or acquire put options on stock indices. In such event the value of the underlying securities included in the relevant stock index options shall not exceed, together with outstanding commitments in financial futures contracts entered into for the same purpose, the aggregate value of the portion of the assets of the Portfolio concerned to be hedged; and

for the purpose of the efficient management of its securities portfolio, the Fund may acquire call options on stock indices mainly in order to facilitate changes in the allocation of the assets of a Portfolio between markets or in anticipation of or in a significant market sector advance, provided the value of the underlying securities included in the relevant stock index options is covered within such Portfolio by uncommitted cash reserves, short dated debt securities and instruments or securities to be disposed of at predetermined prices;

Such options on stock index futures must either be listed on an exchange or dealt in on a regulated market, except that the Fund may purchase or sell OTC options on financial instruments, if such transactions are more advantageous to the Fund or if quoted options having the required features are not available, provided such transactions are made with highly rated counterparties specializing in these types of transactions. Further, the aggregate acquisition cost (in terms of premiums paid) of all options on securities and such options on interest rate futures and other financial instruments purchased by the Fund for purposes other than hedging, shall not exceed 15% of the net assets of each of the Portfolios concerned;

- (12) The Fund may not enter into interest rate futures contracts, trade in options on interest rates or enter into interest rate swap transactions except that

for the purpose of hedging the risk of fluctuations of the value of the assets of a Portfolio, the Fund may sell interest rate futures or write call options or

purchase put options on interest rates or enter into interest rate swaps. Such contracts or options must be denominated in the currencies in which the assets of such Portfolio are denominated, or in currencies which are likely to fluctuate in a similar manner, and they must be listed on an exchange or dealt in on a regulated market, provided, however, that interest rate swap transactions may be entered into by private agreement with highly rated financial institutions; and

for the purpose of efficient portfolio management, the Fund may enter into interest rate futures purchase contracts or acquire call options on interest rate futures, mainly in order to facilitate changes in the allocation of the assets of a Portfolio between shorter or longer term markets, in anticipation of or in a significant market sector advance, or to give a longer term exposure to short term investments, provided, always, that sufficient uncommitted cash reserves, short dated debt securities or instruments or securities to be disposed of at predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call options on interest rate futures acquired for the same purpose and for the same Portfolio;

Such options on interest rate futures must either be listed on an exchange or dealt in on a regulated market, except that the Fund may purchase or sell OTC options on financial instruments, if such transactions are more advantageous to the Fund or if quoted options having the required features are not available, provided such transactions are made with highly rated counterparties specializing in these types of transactions. Further, the aggregate acquisition costs (in terms of premiums paid) of all options on securities and such options on interest rate futures and other financial instruments purchased by the Fund for purposes other than hedging, shall not exceed 15% of the net assets of each of the Portfolios concerned;

(13) The Fund may not trade in stock index futures except that

for the purpose of hedging the risk of fluctuations of the value of the assets of a Portfolio, the Fund may have outstanding commitments on behalf of such Portfolio in respect of index futures sales contracts not exceeding the corresponding risk of fluctuation of the value of the corresponding portion of such assets; and

for the purpose of efficient portfolio management, the Fund may enter into index futures purchase contracts, mainly in order to facilitate changes in the allocation of a Portfolio's assets between markets or in anticipation of or in a significant market sector advance, provided that sufficient uncommitted cash reserves, short dated debt securities or instruments owned by the Portfolio concerned or securities to be disposed of by such Portfolio at a predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call stock index options acquired for the same purpose;

provided, further, that all such index futures must either be listed on an exchange or dealt in on a regulated market;

- (14) The Fund may not lend portfolio investments except against receipt of adequate security either in the form of bank guarantees of highly rated financial institutions or in the form of a pledge of cash or securities issued by governments of member states of the OECD. No securities lending may be made, except through recognized clearing houses or highly rated financial institutions specializing in these types of transactions and for more than one half of the value of the securities of each Portfolio and for periods exceeding 30 days;
- (15) The Fund may not purchase real estate, but the Fund may make investments in companies which invest in or own real estate;
- (16) The Fund may not enter into transactions involving commodities, commodity contracts or securities representing merchandise or rights to merchandise, and for purposes hereof commodities includes precious metals, except that the Fund may purchase and sell securities that are secured by commodities and securities of companies which invest or deal in commodities and may enter into derivative instruments transactions on commodity indices provided that such financial indices comply with the criteria laid down in Article 9 of the Grand-Ducal Regulation dated 8 February 2008 relating to certain definitions of the Law and in the CSSF Circular 08/339 dated 19 February 2008 regarding guidelines of the Committee of European Securities Regulators (CESR) concerning eligible assets for investment by UCITS; and
- (17) The Fund may not purchase any securities on margin (except that the Fund may obtain such short-term credit as may be necessary for the clearance of purchases and sales of portfolio securities) or make short sales of securities or maintain a short position, except that it may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).
- (18) The Fund must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments.

Under no circumstances shall any operation based on techniques and instrument used by the Fund cause the Fund to diverge from its investment objectives as laid down in the description of the Portfolio concerned as specified in the Prospectus.

The Fund shall ensure that its global exposure relating to derivative instruments of each Portfolio does not exceed the total net value of the relevant securities portfolio.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

The Fund may invest in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in investment restriction (4). When the Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in investment restriction (4).

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this investment restriction (18).

- (19) The Fund may invest in financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of securities covered by Article 41(1) of the Law, financial indices, interest rates, foreign exchange rates or currencies, in which the portfolios may invest according to their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

If provided otherwise in the addendum for any specific portfolio, the Fund may invest in financial derivative instruments as more fully described in Appendix C "Financial Derivative Instruments" of the Prospectus.

To the extent a portfolio invests in financial derivative instruments, the investment policy of the relevant portfolio will describe the financial derivative instruments which will be used.

- 20) Notwithstanding the above and under the conditions laid down by the Law and regulations, each Portfolio may act as a feeder fund (the "Feeder") of a UCITS or of a portfolio of such UCITS (the "Master"), which shall neither itself be a feeder fund nor hold units/shares of a feeder fund. In such a case the Feeder shall invest at least 85% of its assets in shares/units of the Master.

The Feeder may not invest more than 15% of its assets in one or more of the following:

- (a) ancillary liquid assets in accordance with Article 41 (2), second paragraph of the Law;

- (b) financial derivative instruments, which may be used only for hedging purposes, in accordance with Article 41 (1) g) and Article 42 (2) and (3) of the Law;

When a Portfolio qualifying as a Feeder invests in the shares/units of a Master, the Master may not charge subscription or redemption fees on account of the Portfolio's investment in the shares/units of the Master.

Should a Portfolio qualify as a Feeder, a description of all remuneration and reimbursement of costs payable by the Feeder by virtue of its investments in shares/units of the Master, as well as the aggregate charges of both the Feeder and the Master, shall be disclosed in the relevant section of the Prospectus relating to such Portfolio.

- (21) A Portfolio may subscribe, acquire and/or hold Shares to be issued or issued by one or more Portfolio (the "Target Portfolio(s)") under the condition that:
- the Target Portfolio(s) do(es) not, in turn, invest in the Portfolio;
  - no more than 10% of the assets that the Target Portfolio(s) whose acquisition is contemplated may be invested in units of other funds;
  - in any event, for as long as these Shares are held by the Portfolio, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law; and
  - there is no duplication of management/subscription or redemption fees between those at the level of the Portfolio and the Target Portfolio(s).

The Management Company need not comply with the investment limit percentages set forth above when exercising subscription rights attaching to transferable securities or money market instruments which form part of the assets of the Fund.

If, by reason of subsequent fluctuations in values of the Fund's assets or as a result of the exercise of subscription rights, the investment limit percentages above are infringed, priority will be given, when sales of securities are made, to correcting the situation, having due regard to the interests of shareholders.

The Management Company may from time to time impose further investment restrictions as are compatible with or in the interest of the shareholders, in order to comply with the laws and regulations of the countries where the Shares are sold.

## **7) ISSUE OF SHARES**

One or several Classes of Shares of the Fund shall be issued by the Management Company for each Portfolio subject to payment therefor to the Custodian within such period thereafter as the Management Company may from time to time determine. Fractions of Shares may be issued to such fractional entitlements as the Management Company may determine.

The Management Company may accept securities as payment for Shares at its discretion provided that the contribution of such securities are consistent with policies pursued by the Management Company and will not result in a breach of the relevant Portfolio's investment objective and policies or the Fund's investment restrictions. In such case, an auditor's report will be necessary to value the contribution in kind. Expenses in connection with the establishment of such report and any other expenses in connection with the subscription in kind will be borne by the subscriber that has chosen this method of payment or by the Management Company at its discretion.

The Management Company will only issue registered Shares. Confirmations of holding of Shares shall be delivered by the Management Company provided that payment therefor has been received by the Custodian.

The Management Company shall comply, with respect to the issuing of Shares, with the laws and regulations of the countries where these Shares are offered. The Management Company may, at its discretion, discontinue temporarily, cease definitely or limit the issue of Shares at any time to persons or corporate bodies resident or established in certain countries or territories. The Management Company may also prohibit certain persons or corporate bodies from acquiring Shares, if such a measure is necessary for the protection of the shareholders as a whole and the Fund. The Management Company may reserve specific classes of Shares to institutional investors and require that any person acquiring such Shares represents to the Management Company for the benefit of the Fund that he is an institutional investor and that he will indemnify the Fund for any loss or liability incurred if such representation is not accurate.

Furthermore, the Management Company may:

- (a) reject at its discretion any application for purchase of Shares;
- (b) repurchase at any time the Shares held by shareholders who are excluded from purchasing or holding Shares.

## **8) ISSUE PRICE**

The initial issue price per Share of each Class will be determined by the Management Company in respect of the initial offer period. Thereafter the issue price per Share will be the net asset value per Share of the relevant Class determined on or after the day on which the application for purchase of Shares is received and calculated in accordance with Article 10) hereafter (provided that such application is received prior to such deadline(s) as may from time to time be established by the Management Company), plus, if applicable and with



respect to Shares of specific Classes purchased, a sales charge at the rates specified in the Prospectus. With respect to other Classes of Shares purchased a contingent deferred sales charges or a redemption charge may be assessed on the proceeds of the repurchase if and when repurchased from shareholders on terms and conditions determined by the Management Company.

Payment of the issue price, plus the sales charge if any, shall be made in accordance with the rules determined by the Management Company and as disclosed in the Prospectus.

## **9) SHARE CERTIFICATES**

Any person or corporate body shall be eligible to participate in the Fund by subscribing for one or several Shares, subject, however, to the provisions contained in Article 7) of these Management Regulations. The Management Company shall issue certificates in registered form. Each certificate shall carry the signatures of the Management Company and the Custodian, both of which may be in facsimile. In the absence of a request for certificates investors will be deemed to have requested that no certificate be issued in respect of their Shares and a confirmation of shareholding will be delivered instead.

## **10) DETERMINATION OF NET ASSET VALUE**

The net asset value per Share of each Class of Shares, expressed in the reference currency of each Portfolio specified in the Prospectus, will be determined by the Management Company or any duly appointed agent on each day which is a bank business day in Luxembourg (a "Business Day"), by dividing the value of the total assets of each Portfolio properly allocable to such Class of Shares less the liabilities (including any provisions considered by the Management Company to be necessary or prudent) of such Portfolio properly allocable to such Class of Shares by the total number of Shares of such Class outstanding on each Business Day. The net asset value per Share of each Class of Shares of a Portfolio may differ as a result of the different fees assessed on each Class of Shares of such Portfolio. To the extent feasible, investment income, interest payable, fees and other liabilities (including management fees) will be accrued daily. For the purpose of calculating the issue and repurchase price, such net asset value may be converted into such other currencies as the sales documents of the Fund shall provide.

In the accounts of the Fund, the Management Company shall establish the Portfolios as follows:

- a) the proceeds to be received from the issue of Shares of a specific Class shall be applied in the books of the Fund to the Portfolio established for that Class of Shares, and, as the case may be, the relevant amount shall increase the proportion of the net assets of such Portfolio attributable to the Class of Shares to be issued, and the assets and liabilities and income and expenditure attributable to such Class or Classes shall be applied to the corresponding Portfolio subject to the provisions of this article;

- b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Fund to the same Portfolio as the assets from which it was derived and on each re-valuation of an asset, the increase or diminution in value shall be applied to the relevant pool;
- c) where the Fund incurs a liability which relates to any asset of a particular Portfolio or to any action taken in connection with an asset of a particular Portfolio, such liability shall be allocated to the relevant Portfolio;
- d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular Portfolio, such asset or liability shall be allocated to all the Portfolios pro rata to the net asset values of the relevant Classes of Shares;
- e) when Class-specific expenses are paid and/or higher dividends are distributed to Shares of a given Class, the net asset value of the relevant Class of Shares shall be reduced by such expenses and/or by any excess of dividends paid to holders of Shares of one Class over that paid to holders of the other Class or Classes (thus decreasing the percentage of the total net asset value of the Fund or of the Portfolio, as the case may be, attributable to such Class of Shares) and the net asset value attributable to the other Class or Classes of Shares shall remain the same (thus increasing the percentage of the total net asset value of the Fund or of the Portfolio, as the case may be, attributable to such other Class or Classes of Shares);
- f) when Class-specific assets, if any, cease to be attributable to one Class only, and/or when income or assets derived therefrom are to be attributed to several Classes of Shares issued in connection with the same Portfolio, the share of the relevant Class of Shares in the Portfolio shall increase in the proportion of such contribution; and
- g) whenever Shares are issued or redeemed, the share in the common portfolio attributable to the corresponding Class of Shares shall be increased or decreased by the amount received or paid, as the case may be, by the Fund for such issue or redemption.

The Fund may at any time issue Shares of additional Classes, in connection with an existing Portfolio in which event the share of each additional Class(es) of Shares in the Portfolio shall be determined initially in the proportion of the aggregate issue price received by the Fund and to be invested in the Portfolio upon the initial offering bears to the existing value of the Portfolio.

The allocation rules set forth above shall also be applicable mutatis mutandis in relation to the allocation of assets and liabilities to separate Classes within a Portfolio.

The Management Company may invest and manage all or any part of the Portfolios of the Fund (hereafter referred to as "Participating Portfolios") on a pooled basis where it is appropriate with regard to their respective investment sectors to do so. Any such enlarged asset pool ("Asset Pool") shall first be formed by transferring to the Asset Pool cash or

(subject to the limitations mentions below) other assets from each of the Participating Portfolios. Thereafter, the Management Company may from time to time make further assets transfers between the Asset Pool and the Participating Portfolio(s) concerned. Assets other than cash may be allocated to an Asset Pool only where they are appropriate to the investment sector of the Asset Pool concerned.

The assets of the Asset Pool to which each Participating Portfolio shall be entitled shall be determined by reference to the allocations and withdrawals of assets by such Participating Portfolio.

Dividends, interest and other distributions of an income nature received in respect of the assets in an Asset Pool will be immediately credited to the Participating Portfolios, in proportion to their respective entitlements to the assets in the Asset Pool at the time or receipt.

Asset Pools do not change the legal rights or obligations of Shareholders.

With respect to securities for which market quotations are readily available, the market value of a security held by a Portfolio will be determined as follows:

- (a) securities listed on an exchange are valued at the last sale price reflected on the consolidated tape at the close of the exchange on the Business Day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day. If no bid or asked prices are quoted on such day, then the security is valued in good faith at fair value by, or in accordance with procedures established by, the Management Company;
- (b) securities traded on more than one exchange are valued in accordance with paragraph (a) above by reference to the principal exchange on which the securities are traded;
- (c) securities traded in the over-the-counter market, including securities listed on an exchange whose primary market is believed to be over-the-counter (but excluding securities traded on The Nasdaq Stock Market, Inc. ("NASDAQ")) are valued at the mean of the current bid and asked prices;
- (d) securities traded on NASDAQ are valued in accordance with the NASDAQ Official Closing Price;
- (e) listed put or call options purchased by a Portfolio are valued at the last sale price. If there has been no sale on that day, such securities will be valued at the closing bid prices on that day;
- (f) open futures contracts and options thereon will be valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuations, the last available closing settlement price will be used;

- (g) U.S. Government securities and other debt instruments having 60 days or less remaining until maturity are generally valued at market by an independent pricing vendor, if a market price is available. If a market price is not available, the securities are valued at amortized cost. This methodology pertains to short term securities that have an original maturity of 60 days or less, as well as short term securities that had an original term to maturity that exceeded 60 days. In instances where amortized cost is utilized, the Management Company must reasonably conclude that the utilization of amortized cost is approximatively the same as the fair value of the security. Such factors the Management Company will consider include, but are not limited to, an impairment of the creditworthiness of the issuer or material changes in interest rates;
- (h) fixed income securities are valued at the most recent bid price provided by the principal market makers;
- (i) mortgage-backed and asset-backed securities may be valued at prices that reflect the market value of such securities and that are obtained from a bond pricing service or at a price that reflects the market value of such securities and that is obtained from one or more of the major broker-dealers in such securities when such prices are believed to reflect the fair market value of such securities. In cases where broker-dealer quotes are obtained, the Management Company may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted bid price on a security;
- (j) OTC and other derivatives are valued on the basis of a quoted bid price or spread from a major broker-dealer in such security; and
- (k) all other securities will be valued in accordance with readily available market quotations as determined in accordance with procedures established by the Management Company. In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Management Company is authorized to follow other rules prudently and in good faith in order to achieve a fair valuation of the assets of the Fund.

The Fund values its securities at their current market value determined on the basis of market quotations or, if market quotations are not readily available or are unreliable, at "fair value" as determined in accordance with procedures established by and under the general supervision of the Management Company. When the Fund uses fair value pricing, it may take into account any factors it deems appropriate. The Fund may determine fair value based upon developments related to a specific security or current valuations of market indices. The prices of securities used by the Fund to calculate its net asset value may differ from quoted or published prices for the same securities. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a security is materially different than the value that could be realized upon the sale of that security.

The Fund expects to use fair value pricing for securities primarily traded on exchanges in the Americas only under very limited circumstances, such as the early closing of the exchange

on which a security is traded or suspension of trading in the security. The Fund may use fair value pricing more frequently for securities primarily traded outside of the Americas because, among other things, most markets outside of the Americas close well before the Fund values its securities. The earlier close of these markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim. To account for this, the Fund may frequently value many of its non Americas securities using fair value prices based on third party vendor modeling tools to the extent available.

Accordingly, as may also be the case with a previously reported stock exchange price, the price of any portfolio security determined utilizing fair value pricing procedures may be materially different from the price to be realized upon the sale of such security.

For purposes of determining the Fund's net asset value per share, all assets and liabilities initially expressed in a currency other than the currency of the Portfolio will be converted into such currency at the mean of the current bid and asked prices of such currency against the currency of the portfolio last quoted by a major bank that is a regular participant in the relevant exchange market or on the basis of a pricing service that takes into account the quotes provided by a number of such major banks. If such quotations are not available as of the close of the Exchange, the rate of exchange will be determined in good faith by, or under the direction of, the Board of Managers.

In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Management Company is authorized, prudently and in good faith, to follow other rules in order to achieve a fair valuation of the assets of the Fund.

**Net Asset Value Adjustment Policy.** The Net Asset Value at which investors subscribe or redeem Shares in the Portfolio on a particular Business Day may not entirely reflect the dealing and other costs that arise when the Investment Manager trades securities to accommodate the net activity from subscriptions and redemptions. Therefore, the Management Company may adopt a policy to adjust the Net Asset Value for certain Portfolios (if provided in the relevant part of Section I relating to a specific portfolio), as specified in the Prospectus. In the usual course of business the adjustment will be triggered mechanically and consistently whenever the net subscriptions, redemptions and exchanges in Shares of all classes on a particular Business Day exceed a threshold set by the Management Company from time to time. This threshold is expressed as a percentage of the relevant Portfolio's net asset value on the previous Business Day. Pursuant to this policy, the net asset value of the relevant Portfolio may be adjusted upward or downward in an amount up to 2%. The applicable threshold is specified for each Portfolio concerned in the Prospectus. The adjustment will be upward when the net subscriptions, redemptions and exchanges result in an increase in net asset value. This adjustment will be downward when the net subscriptions, redemptions and exchanges result in a decrease in net asset value. This adjusted net asset value will be applicable to all subscriptions, redemptions or exchanges in Shares of all classes on that Business Day.

## **11) SUSPENSION OF DETERMINATION OF NET ASSET VALUE**

The Management Company may temporarily suspend the determination of the net asset value and consequently the issue and the repurchase of Shares in any of the following events:

- (a) when one or more Stock Exchanges or markets which provides the basis for valuing a substantial portion of the assets of a Portfolio, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of such Portfolio is denominated, are closed otherwise than for ordinary holidays or if dealings therein are restricted or suspended;
- (b) when, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Management Company, disposal of the assets of a Portfolio is not reasonably or normally practicable without being seriously detrimental to the interests of the shareholders;
- (c) in the case of a breakdown in the normal means of communication used for the valuation of any investment of a Portfolio or if, for any reason, the value of any asset of a Portfolio may not be determined as rapidly and accurately as required;
- (d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of a Portfolio are rendered impracticable or if purchases and sales of assets of a Portfolio cannot be effected at normal rates of exchange;
- (e) in case of a Feeder, during any period where the determination of the net asset value of the Master is suspended.

## **12) REPURCHASE**

Repurchase will be made at such net asset value per Share of the relevant Class determined on the Business Day on which the repurchase request is received and determined in accordance with the terms of Article 10) above less any applicable redemption charge or contingent deferred sales charge specified in the Prospectus and payable to institutions entrusted with the distribution of the Shares, if any, provided that the request is received prior to such deadline(s) as may from time to time be established by the Management Company and published in the Prospectus. Such repurchase request must be accompanied by the relevant share certificates (if issued).

If requested by a shareholder, redemptions may be made in kind at the discretion of the Management Company. Expenses in connection with the redemption in kind (mainly costs relating to the drawing up of an auditor's report) will be borne by the shareholder that has chosen this method of redemption or by the Management Company at its discretion. To the extent reasonably possible, such redemption in kind will normally be made on a pro rata basis of all investments held by the Fund (having always due regard to and/or protecting the interests of the Fund).

The Management Company shall ensure that the Fund maintains an appropriate level of liquidity, so that under normal circumstances repurchase of the Shares of the Fund may be made promptly upon request by shareholders. Payment of the repurchase price shall be made not later than five Luxembourg bank business days counting from and including the day when the repurchase request is accepted and subject to receipt of the Share certificates (if issued).

The Custodian must make payment only if no statutory provisions, such as exchange control regulations or other circumstances outside the control of the Custodian, prohibit the transfer of the payment of the repurchase price to the country where reimbursement was applied for.

The Management Company may limit the redemption of Shares of a Portfolio in the following events (i) the Fund receives on any Business Day requests to redeem more than 10% of the Net Asset Value of a specific Portfolio on such date or any lower percentage being fixed from time to time by the Management Company and disclosed in the Prospectus or (ii) the Master in which a Feeder invests in decides to prorate its own redemptions. Any part of a redemption request to which effect is not given by reason of the exercise of this power by or on behalf of the Management Company will be treated as if a request has been made in respect of the next Business Day and all following Business Days (in relation to which the Management Company has the same power) until the original request has been satisfied in full.

If as a result of a redemption request, the holding of a shareholder in the Fund is less than the minimum holding amount provided for in the sale documents, the Management Company may treat such request as a request to redeem such shareholder's entire holding in the Fund.

### **13) CONVERSION**

Unless otherwise resolved upon for a particular Portfolio, upon application to the Management Company, Shares of each Class may be converted into Shares of any other Class outstanding at a rate determined by reference to the respective net asset values on the date of conversion, provided that the Management Company may make conversions subject to such restrictions or to the payment of fees and expenses as it may determine in the light of the interest of the shareholders of the Fund as a whole.

## **14) CHARGES OF THE FUND**

The Fund will bear the following charges:

- all taxes which may be due on the assets and the income of the Fund;
- the reasonable disbursements and out-of-pocket expenses (including without limitation telephone, telex, cable and postage expenses) incurred by the Custodian and any custody charges of banks and financial institutions to whom custody of assets of the Fund is entrusted;
- usual banking fees due on transactions involving securities held in the portfolio of the Fund (such fees to be included in the acquisition price and to be deducted from the selling price);
- the remuneration of the Management Company as specified in the Prospectus;
- the remuneration of the Custodian and other banks and financial institutions entrusted by the Custodian with custody of the assets of the Fund, and of the Administrative Agent, as well as those of agents in places of registration, all of which may be determined as a percentage of the net assets of the Fund and/or as a fixed sum;
- distribution expenses and fees which may be determined as a percentage of the net assets of the Fund or of the net asset value of the aggregate Shares of the Class to which such fees relate;
- the remuneration and out-of-pocket expenses of any registrar and transfer agent which will be determined on a graduated basis as a percentage of net assets, but not less than a stated amount, and will be payable monthly;
- legal expenses incurred by the Management Company or the Custodian while acting in the interests of the shareholders;
- the cost of printing certificates; the cost of preparing and/or filing the Management Regulations and all other documents concerning the Fund, including registration statements, prospectuses and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Fund or the offering of Shares of the Fund and any other costs of qualifying or registering the Shares of the Fund for offer or sale in any jurisdiction; the cost of preparing, in such languages as are necessary for the benefit of the shareholders, including the beneficial holders of the Shares; and distributing annual and semi-annual reports and such other reports or documents as may be required under the applicable laws or regulations of the above-cited authorities; the cost of accounting, bookkeeping and calculating the daily net asset value; the cost of preparing and distributing public notices to the shareholders; lawyers' and auditor's fees; the costs incurred with the admission and



the maintenance of the Shares on the stock exchanges on which they are listed; annual Luxembourg registration fees and all similar administrative charges, including, unless otherwise decided by the Management Company, all other expenses directly incurred in offering or distributing the Shares, including the printing costs of copies of the above mentioned documents or reports, which are utilized by the distributors or dealers of the Shares in the course of their business activities.

All recurring charges will be charged first against income, then against capital gains and then against assets. Other charges may be amortized over a period not exceeding five years.

### **15) ACCOUNTING YEAR, AUDIT**

The accounts of the Fund are closed each year on 31st May. The consolidated accounts of the Fund are kept in United States Dollars.

The accounts of the Management Company will be audited by auditors appointed by the Management Company.

The Management Company shall also appoint an authorized auditor who shall, with respect to the assets of the Fund, carry out the duties prescribed by the Law.

### **16) DIVIDENDS**

Distributions may be declared for such amounts and with respect to such Class or Classes of Shares as the Management Company may determine in the Prospectus. Payment dates for dividends shall be set out in the prospectuses or explanatory memorandums issued by the Management Company in connection with the sale of the Shares of the Fund.

No distribution may be made as a result of which the net assets of the Fund would become less than the minimum of 1,250,000 Euros as prescribed by the Law.

Dividends not claimed within five years from their due date will lapse and revert to the Fund.

### **17) AMENDMENT OF THE MANAGEMENT REGULATIONS**

The Management Company may, upon approval of the Custodian, amend these Management Regulations in whole or in part at any time.

Amendments will become effective on the date of the publication in the *Mémorial C, Recueil des Sociétés et Associations* of Luxembourg (the "*Mémorial*"), of a notice of deposit of the amendments at the *Registre de Commerce et des Sociétés* in Luxembourg, if not otherwise provided in the relevant document amending these Management Regulations.

## **18) PUBLICATIONS**

The net asset value, the issue price and the repurchase price per Share will be available in Luxembourg at the registered office of the Management Company and the Custodian.

The audited annual reports and the unaudited semi-annual reports of the Fund are made available to the shareholders at the registered offices of the Management Company, the Custodian and any paying agent.

Notice of deposit with the *Registre de Commerce et des Sociétés* in Luxembourg of any amendments to these Management Regulations, including the dissolution of the Fund, will be published in the *Mémorial*.

The amendments and any notices to shareholders may also be published, as the Management Company may decide, in newspapers of countries where the Shares of the Fund are offered and sold.

## **19) DURATION OF THE FUND, LIQUIDATION, MERGER**

The Fund is established for an unlimited period. The Fund may be dissolved at any time by the Management Company. Any notice of dissolution will be published in the *Mémorial* and in at least two newspapers with appropriate distribution, at least one of which must be a Luxembourg newspaper, to be determined jointly by the Management Company and the Custodian.

Issuance of Shares will cease at the time of the decision or event leading to the dissolution.

The Management Company will realize the assets of the Fund in the best interests of the shareholders and, upon instructions given by the Management Company, the Custodian will distribute the net proceeds of the liquidation, after deducting all liquidation charges and expenses, attributable to each Class of Shares, among the shareholders in proportion of the Shares of the relevant Class held.

The liquidation or the partition of the Fund may not be requested by a shareholder, nor by his heirs or beneficiaries.

The Management Company may similarly decide to dissolve any Portfolio without terminating the Fund where the value of the net assets of any Portfolio has decreased to an amount determined by the Management Company to be the minimum level for the Portfolio to be operated in an economically efficient manner, or in case of a significant change of the economic or political situation. In such event it shall refund to the holders of Shares of the Classes concerned the full net asset value of such Classes. Such action shall be publicized by the Management Company in the same manner as the dissolution of the Fund and the proceeds of the refund which cannot be distributed to the persons entitled thereto shall be deposited with *Caisse de Consignation* in Luxembourg within nine months following the decision of the Board of Managers of the Management Company to dissolve the Portfolio.

The Management Company may decide to proceed with a merger (within the meaning of the Law) of the assets and liabilities of the Fund or any Portfolio, being either a merging or a receiving UCITS with those of (i) another existing Portfolio within the Fund or another portfolio within such other Luxembourg or foreign UCITS (the "new portfolio"), or with those of (ii) another Luxembourg or foreign UCITS (the "new UCITS"), and to redesignate the Shares of the Fund or of Portfolio concerned as Shares of the new UCITS or the new portfolio, as applicable.

Such merger shall be subject to the (i) prior authorization of the CSSF in case the Fund or its Portfolios is /are the merging UCITS and (ii) the conditions and procedures imposed by the Law in particular concerning the merger project and the information on the proposed merger to be provided to the shareholders at least thirty (30) days before the last date for requesting repurchase or redemption or as the case may be conversion as explained under the paragraph below.

As from the moment shareholders have been informed of the proposed merger, they shall have the right to request, without any charge other than those retained by the Fund to meet disinvestment costs, the repurchase or redemption of their Shares or, where possible, to convert them into units or shares in another UCITS with similar investment policy and managed by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding. Such right shall cease to exist five (5) working days before the date for calculating the exchange ratio of the units or shares of the merging UCITS into those of the receiving UCITS referred to in Article 75 of the Law.

Any cost associated with the preparation and the completion of the merger shall not be charged neither to the Fund nor to its shareholders.

## **20) STATUTE OF LIMITATION**

The claims of the shareholders against the Management Company or the Custodian will lapse five years after the date of the event which gave rise to such claims.

## **21) APPLICABLE LAW, JURISDICTION AND GOVERNING LANGUAGE**

Disputes arising between the shareholders, the Management Company and the Custodian shall be settled according to Luxembourg law and subject to the jurisdiction of the District Court of Luxembourg, provided, however, that the Management Company and the Custodian may subject themselves and the Fund to the jurisdiction of the courts of the countries in which the Shares of the Fund are offered and sold with respect to claims by investors resident in such countries and, with respect to matters relating to subscriptions and repurchases by shareholders resident in such countries, to the laws of such countries.

English shall be the governing language for these Management Regulations, provided, however, that the Management Company and the Custodian may, on behalf of themselves and the Fund, consider as binding the translation in languages of the countries in which the Shares of the Fund are offered and sold with respect to Shares sold to investors in such countries.

These are the Management Regulations of AB FCP II as at 5 February 2016.

Executed in two (2) originals by:



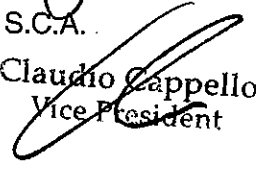
**Bertrand Reimmel**  
Managing Director

\_\_\_\_\_  
Alliance Bernstein (Luxembourg) S.à r.l.  
Management Company



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State Street Bank Luxembourg S.C.A.  
Custodian

**Ralph Reinig**  
Vice President



**Claudio Cappello**  
Vice President